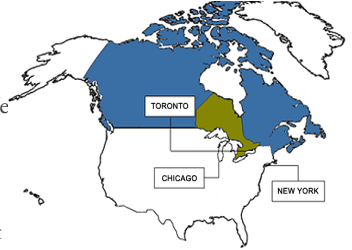


Ontario Overview

- The Province of Ontario is located in a prime area with close ties to the United States.
- Ontario had a population of 14.4 million in 2018 and nominal GDP of \$854 billion in 2018, representing almost 40 per cent of Canada.
- Ontario has a diverse economy, with extensive manufacturing, financial and business services and a smaller energy sector compared to the rest of Canada. It has direct taxation powers and stable growth.
- Services account for 77 per cent of the overall economy.
- The government is projecting a deficit of \$11.7 billion in 2018–19 — a \$3.3 billion improvement relative to the Independent Financial Commission of Inquiry’s (Commission) \$15 billion baseline deficit forecast, and a \$2.8 billion improvement compared with the forecast provided in the *2018 Ontario Economic Outlook and Fiscal Review* (2018 FES).



Borrowing Program

- The Province’s total funding requirement in 2019–20 is forecast to be \$36.0 billion, which is \$3.6 billion lower than the 2018–19 borrowing program.
- As the deficit is reduced, a growing portion of borrowing will be used to refinance maturing debt, rather than financing new debt. By the end of the recovery plan in 2023–24, the borrowing program is forecast to be \$36.6 billion, which is less than the Province’s debt maturities that year.

(\$ Billions)	2018 FES	In-Year Change	Interim ¹ 2018–19	Medium-Term Outlook			Recovery Plan	
				2019–20	2020–21	2021–22	2022–23	2023–24
Deficit/(Surplus)	14.5	(2.8)	11.7	10.3	6.8	5.6	3.5	(0.3)
Investment in Capital Assets	12.8	(0.9)	11.9	11.6	11.1	10.5	9.0	9.3
Non-Cash Adjustments	(7.4)	1.1	(6.3)	(7.7)	(7.7)	(7.7)	(8.0)	(8.1)
Loans to Infrastructure Ontario	0.4	(0.2)	0.1	0.2	0.1	0.2	(0.2)	(0.1)
Other Net Loans/Investments	(0.0)	(0.8)	(0.8)	0.7	0.0	(0.3)	(0.2)	(0.1)
Debt Maturities/Redemptions	21.9	(0.0)	21.9	27.5	26.4	24.1	31.2	37.0
Total Funding Requirement	42.1	(3.5)	38.6	42.5	36.8	32.5	35.3	37.6
Canada Pension Plan Borrowing	(0.0)	0.0	(0.0)	–	–	–	–	–
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(1.2)	(1.0)	(1.0)	(1.0)	(1.0)
Increase/(Decrease) in Cash and Cash Equivalents	3.5	9.8	13.3	(5.3)	(3.0)	–	–	–
Pre-Borrowing in 2017–18	(12.4)	–	(12.4)	–	–	–	–	–
Total Long-Term Public Borrowing	33.2	6.3	39.6	36.0	32.8	31.5	34.3	36.6
Maturities as a Percentage of Long-Term Public Borrowing	66%		55%	76%	81%	77%	91%	101%

¹ Interim represents the 2019 Ontario Budget projection for the 2018–19 fiscal year.
 Note: Numbers may not add due to rounding.

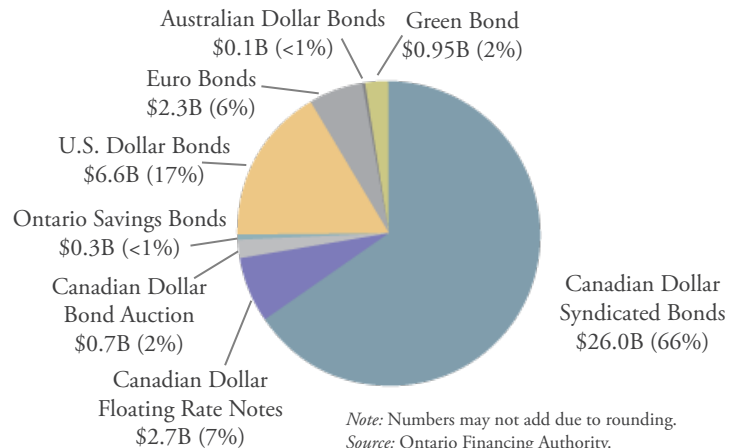
Ontario Bonds

- Exceptional secondary market liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive spreads provide opportunities for investors to achieve higher returns
- Benchmark Canadian provincial borrower
- Primary focus on Canadian dollar borrowing with likely issuance in U.S. dollars and Euros

Current Ratings (Long-Term/Short-Term)	
Moody’s	Aa3 / P-1
Fitch	AA- (N) / F1+
DBRS	AA (low) / R-1 (mid)
S&P	A+ / A-1

Diverse Borrowing Program 2018–19

Borrowing completed for 2018–19 totalled \$39.6 billion.



Long-Term Borrowing

- For 2019–20, the Province will be targeting Canadian dollar borrowing to be in the range of 70 to 80 percent of total borrowing.
- Since the beginning of fiscal 2010–11, the Province has issued \$80.1 billion of bonds longer than 30 years to lock in low rates, including \$9.6 billion in 2018–19. As a result, the average term of Ontario's debt portfolio has been extended, from 9.7 years in 2009–10 to 10.6 years.

Fiscal Year	Canadian Dollar (\$Billions)	Foreign Currencies (\$Billions)	Total Long-Term Borrowing (\$Billions)	Weighted-Average Term (years)	Debt Portfolio Average Term (years)
2009–10	21.4 (49%)	22.4 (51%)	43.8	8.1	9.7
2010–11	23.5 (59%)	16.4 (41%)	39.9	12.8	10.0
2011–12	28.4 (81%)	6.5 (19%)	34.9	13.0	10.1
2012–13	26.4 (72%)	10.2 (28%)	36.6	12.4	10.1
2013–14	29.4 (82%)	6.6 (18%)	36.0	13.6	10.4
2014–15	31.4 (79%)	8.4 (21%)	39.8	14.1	10.7
2015–16	25.8 (81%)	6.2 (19%)	32.1	14.2	10.9
2016–17	19.9 (74%)	7.1 (26%)	27.0	13.9	10.9
2017–18	21.1 (62%)	12.8 (38%)	33.9	12.1	10.7
2018–19	30.6 (77%)	9.0 (23%)	39.6	12.9	10.6

Note: Numbers may not add due to rounding.

Canadian Dollar Issuance

- Ontario accounted for 61.0 per cent of Canadian provincial bond trading in 2018. As of December 31, 2018, Ontario accounts for 14.0 per cent of the FTSE Russel Universe Bond Index, 16.7 per cent of the FTSE Russell Mid Bond Index, and 20.0 per cent of the FTSE Russell Long Bond Index.
- Regular issuance of 5-year, 10-year and 30-year issues, which are re-opened to achieve benchmark size (29 syndicated issues in 2018–19).
- Large order procedure initiated in 2011 (61 issues totalling approximately \$32.7 billion).
- The Province has discontinued sales of Ontario Savings Bonds due to low sales and high administrative costs. Despite the discontinuation of future sales, all outstanding bonds continue to be safe and guaranteed, and the Province will honour these bonds until the time of redemption or maturity.

Canadian Dollar Benchmark Bonds (as of April 11, 2019)

	Ontario		Canada	
5 year (old)	2.60% September 8, 2023	\$4.75B	2.00% September 1, 2023	\$12.00B
5 year (new)	2.30% September 8, 2024	\$1.25B	2.25% March 1, 2024	\$12.00B
10 year (old)	2.90% June 2, 2028	\$9.55B	1.00% June 1, 2027	\$15.00B
10 year (new)	2.70% June 2, 2029	\$2.50B	2.00% June 1, 2028	\$13.50B
Long (old)	2.80% June 2, 2048	\$12.70B	3.50% December 1, 2045	\$16.40B
Long (new)	2.90% June 2, 2049	\$12.05B	2.75% December 1, 2048	\$14.90B

Foreign Issuance

- The Province regularly accesses foreign markets to diversify its borrowing program and expand its investor base.

U.S. Dollar Borrowing

- The U.S. dollar market remains an important source of funding for Ontario with \$6.0 billion issued in 2015–16, \$6.8 billion issued in 2016–17, \$9.0 billion issued in 2017–18, and \$6.6 billion issued in 2018–19.

EMTN Borrowing

- The Euro Market is also an important source of funding for Ontario with \$2.3 billion issued in 2017–18 and \$2.3 billion issued in 2018–19.

Green Bonds

- As committed to in the 2018 FES, the Province has updated the Green Bond program to support the government's approach to addressing environmental challenges.
- Ontario is currently the largest issuer of Canadian dollar Green Bonds, with five green issues totaling \$4.0 billion with \$3.5 billion currently outstanding. The Province successfully priced its fifth Green Bond issue of \$950 million on January 31, 2019.
- Previous issues include a \$500 million issue in 2014, a \$750 million issue in 2016, an \$800 million issue in 2017 and a \$1.0 billion issue in 2018.
- The Province plans to issue its next Green Bond in 2019–20.

Ontario's Green Bonds:

- Carry the full faith and credit of the Province of Ontario
- Rank *pari passu* with Ontario's other bonds and are payable without any preference or priority
- Are direct unsecured obligations of the Province of Ontario and investors do not assume any specific risk related to the funded projects
- Serve as an important tool to help finance public transit initiatives, extreme-weather resistant infrastructure, and energy efficiency and conservation projects

Assurances and Features:

- Ontario's Green Bond Framework was developed in consultation with the Center for International Climate and Environmental Research — Oslo (CICERO)
- Ontario's Green Bond program aligns with the Green Bond Principles maintained by the International Capital Markets Association
- An assurance audit is performed by the Auditor General of Ontario verifying amounts allocated to selected projects and tracking the amount of Green Bond proceeds

Risk Management and Short-Term Borrowing

	Exposure	Policy Limit
Foreign Exchange	0.2%	3.0%
Net Interest Rate Resetting	10.8%	35.0%

Of outstanding debt, interim as of March 31, 2019.

- Ontario's maximum net interest rate resetting exposure is 35 per cent and its maximum foreign exchange exposure is 3 per cent of debt issued for provincial purposes.
- Average Unrestricted Liquid reserves were \$32.6 billion projected to March 31, 2019.
- As of March 31, 2019, capacity for short-term borrowing: \$54.0 billion authorized and \$21.8 billion outstanding, leaving \$32.2 billion available.

Fiscal Plan

- The government is projecting a deficit of \$11.7 billion for 2018–19, an improvement of \$2.8 billion compared to the forecast provided in the 2018 FES. The government is projecting a \$0.3 billion surplus in 2023–24.
- Over the course of the path to balance, total revenue is projected to grow at an average annual rate of 3.0 per cent. Comparatively, program expense over the same period is expected to grow at an average annual rate of 1.0 per cent.
- The reserve is set at \$1.0 billion over the medium term, increasing to \$1.3 billion in 2022–23 and \$1.6 billion in 2023–24.

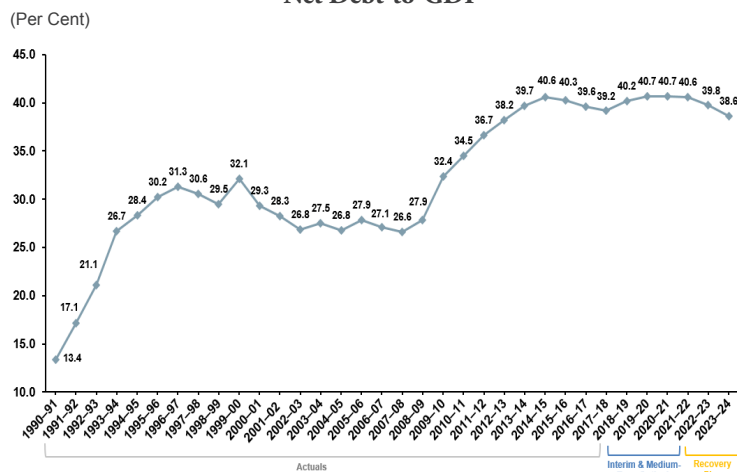
Fiscal Plan (\$ Billions)										Interim ¹	Medium-Term Outlook			Recovery Plan	
	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	
Revenue	113.6	116.4	120.3	123.0	126.2	136.1	140.7	150.6	150.8	154.2	159.8	163.7	168.5	175.1	
Expense															
Programs	120.8	121.2	120.1	123.3	126.2	129.9	131.5	142.4	150.0	150.1	151.9	153.8	155.8	157.6	
Interest on Debt	10.0	10.6	10.9	11.2	11.2	11.6	11.7	11.9	12.5	13.3	13.7	14.4	14.9	15.5	
Total Expense	130.8	131.8	131.0	134.5	137.4	141.5	143.2	154.3	162.5	163.4	165.6	168.2	170.7	173.2	
Reserve	–	–	–	–	–	–	–	–	–	1.0	1.0	1.0	1.3	1.6	
Surplus/(Deficit)	(17.3)	(15.4)	(10.7)	(11.5)	(11.3)	(5.3)	(2.4)	(3.7)	(11.7)	(10.3)	(6.8)	(5.6)	(3.5)	0.3	

¹ Interim represents the 2019 Budget projection for the 2018–19 fiscal year.

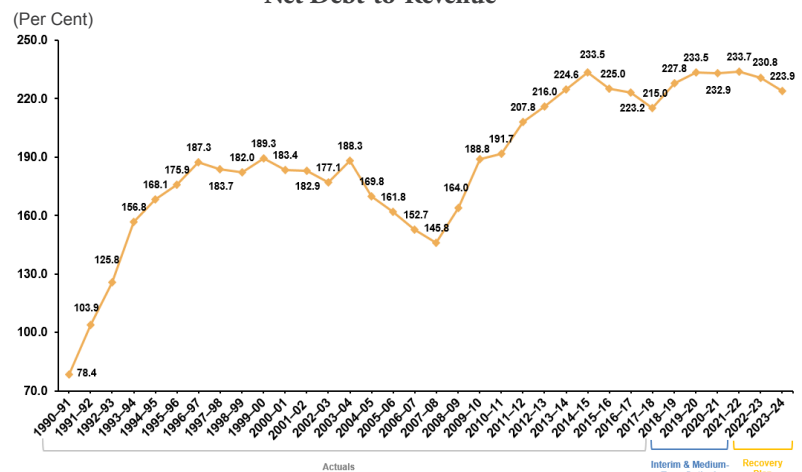
Note: Numbers may not add due to rounding.

- The Province's interest on debt expense is forecast at \$13.3 billion in 2019–20.
- The net debt-to-GDP ratio is now projected to be 40.2 per cent in 2018–19, forecast to rise to 40.7 per cent in 2019–20, then, as mandated under the debt burden reduction strategy, will remain below the Commission's forecast of 40.8 per cent for 2018–19. By the end of the recovery period, net debt-to-GDP is forecast to fall to 38.6 per cent.
- The forecast for net debt-to-revenue in 2018–19 is 227.8 per cent, rising modestly to a level equivalent to the 2014–15 peak before resuming a downward trend through the period to balancing the Budget in 2023–24.

Net Debt-to-GDP



Net Debt-to-Revenue



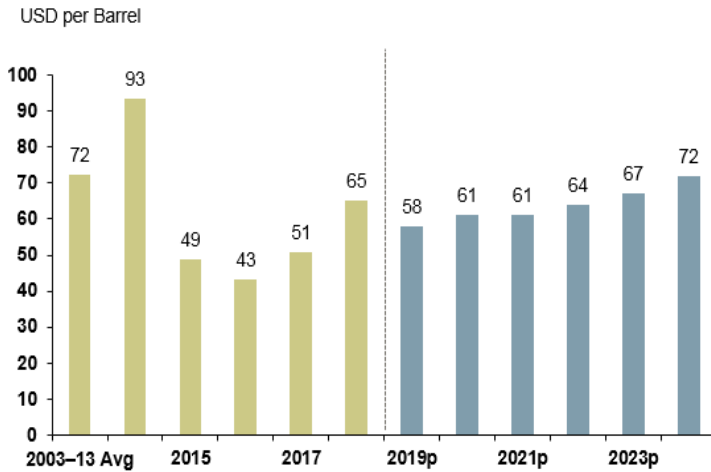
Notes: Net debt has been restated to include broader public-sector net debt, starting in 2001–02 onward for the adjustments resulting from the revised accounting treatment of jointly sponsored pension plans.

Sources: Statistics Canada and Ontario Ministry of Finance.

•• Economic Update

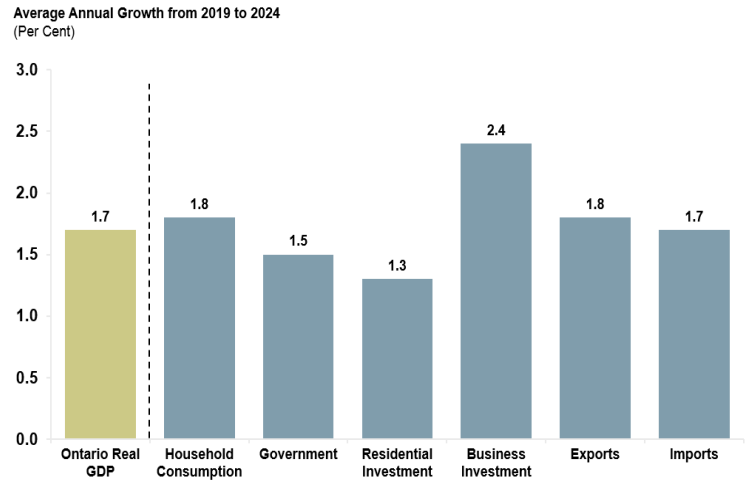
- Ontario's real GDP increased by 2.2 per cent in 2018, following a gain of 2.8 per cent growth in 2017, and is expected to grow at an average annual rate of 1.7 per cent over the 2019 to 2024 period.
- Growth is projected to moderate from recent years mainly due to a less supportive external environment, including modestly higher interest rates.
- Forecasts for economic growth to occur at moderating pace are common across advanced economies including Canada and most other provinces.
- Ontario's export sector is expected to be an important contributor to growth over the projection period. This reflects solid U.S. demand and a competitive Canadian dollar.
- As Ontario's economy is already operating near full capacity, rising export activity and supportive policies are projected to prompt higher business investment.

WTI Oil Prices



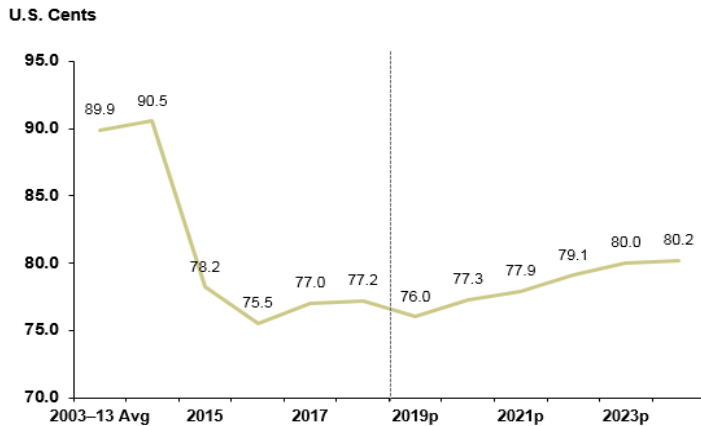
p = Ontario Ministry of Finance planning projection based on external sources.
Sources: U.S. Energy Information Administration, Ontario Ministry of Finance Survey of Forecasters (March 1, 2019) and Ontario Ministry of Finance.

Solid Business Investment Growth Projected



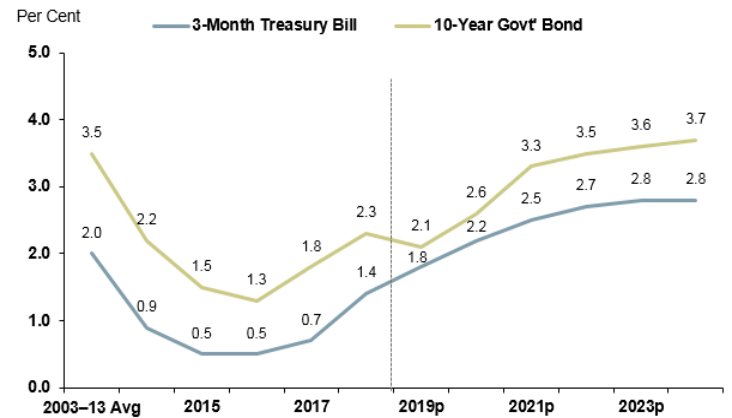
Note: Government includes consumption and investment expenditure. Business investment includes non-residential construction, machinery and equipment and intellectual property products.
Source: Ontario Ministry of Finance.

CAD/USD Exchange Rates



p = Ontario Ministry of Finance planning projection based on external sources.
Sources: Bank of Canada, Ontario Ministry of Finance Survey of Forecasters (March 1, 2019) and Ontario Ministry of Finance.

Canadian Interest Rates



p = Ontario Ministry of Finance planning projection based on external sources.
Sources: Bank of Canada, Ontario Ministry of Finance Survey of Forecasters (March 1, 2019) and Ontario Ministry of Finance.

The Ontario Financing Authority is an agency of the Province of Ontario responsible for provincial borrowing and debt management activities.

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